

September 8, 2005

REFUND POLICY

1. PURPOSE: This Veterans Health Administration (VHA) Directive establishes the policy for refunding payments received by facilities under the Medical Care Collection Fund (MCCF) Program.

2. BACKGROUND: VHA has not issued an official policy or procedure for addressing refunds issued to veterans for co-payment bills or to third-party payers for insurance claims. As a result, there has been no consistent internal review process established to provide for a local review of refund requests received and processed.

3. POLICY: It is VHA policy that Veterans Integrated Services Networks (VISN) and facilities implement a standardized refund policy that encompasses the actions and tracking requirements documented in Attachment A, to ensure that the refunds are made from the appropriate financial accounts.

4. ACTION

a. **Chief Business Office (CBO) (16).** The CBO (16) is responsible for:

(1) Ensuring that proper oversight and training is provided related to refunds processed by revenue staff in medical facilities.

(2) Coordinating refund requests referred by the Office of General Counsel related to carve-outs (claims paid as primary instead of secondary).

(3) Reviewing the results of the Compliance Disbursement, Auditing, and Tracking and Analysis (DATA) system and providing necessary follow-up with revenue staff.

b. **Office of Compliance and Business Integrity (10B3).** The Office of Compliance and Business Integrity (10B3) is responsible for the oversight of the refunds process through management of the Compliance DATA system and for providing guidance to field Compliance Officers related to its use.

c. **VISN Director.** The VISN Director is responsible for ensuring that each facility within the network establishes and implements proper procedures to review requests for refunds from both third-party insurers and veterans.

d. **Medical Facility Director.** The medical facility Director, or designee, is responsible for ensuring that:

THIS VHA DIRECTIVE EXPIRES SEPTEMBER 30, 2010

VHA DIRECTIVE 2005-038

September 8, 2005

(1) The facility Revenue Coordinator, or designee, and Fiscal Officer, or designee, are actively involved in the review process for refunds.

(2) There is compliance with the established nationally-approved refund requirements listed in Attachment A.

(3) Accurate refunds are made from the appropriate accounts and documentation exists to support the refund using the following table for reference. It is essential that refunds are made from the fund into which the collection was deposited.

Receivable Type	Fund Collections Deposited	Fund Refunds Recorded
Third-Party Reimbursable	528704	528704
First-Party Medication Co-payments	528701	528701
First-Party Medical Care Co-payments	528703	528703
Interest Paid on Receivables	1435	20X1807
Administrative Charges Paid on Receivables	3220	20X1807
Extended Care Co-payments	528709	528709

a. Refunds from MCCF accounts are not issued until a thorough review of the request can be accomplished and documented. This may involve a review of veterans' eligibility, the claim that was submitted, the covered services under the insurance policy, amounts billed to and paid by insurance carriers and veterans, and the explanation of benefits, interest, and administrative fees. If a refund is determined to be appropriate, documentation must be completed to record the actions that were taken to justify the refund. Similar actions must be taken if a refund is determined not to be due.

b. Interest payments submitted from insurance carriers under the Fair Claims Practices requirements are deposited into the General Fund Receipt (36 1435), in accordance with Title 31 United States Code (U.S.C.) 3302(b) and Chapter 13, Section C, Paragraph 4a of the Government Accountability Office's (formerly known as the General Accounting Office) (GAO) Principles of Federal Appropriations Law. **NOTE:** *There is no specific statutory authority to retain the interest payments for credit to the MCCF (5287) appropriation.*

c. Miscellaneous vendor codes (e.g., MISCN, MISCE, MISCTORT) are not used in the Financial Management System (FMS) when processing payments to insurance carriers.

d. Insurance carriers are properly vendorized, and the vendor's Tax Identification Number (TIN) and demographic information is recorded in FMS in accordance with the Department of Veterans Affairs' (VA) FMS Guidebook.

e. Regional Counsel staff is consulted in disputes over refunds which cannot be resolved at the station level between the Department of Veterans Affairs and a veteran, a third-party insurance carrier, or a health plan.

5. REFERENCES

- a. Title 31 U.S.C. 3302(b).
- b. Title 38 U.S.C. 1729A.
- c. GAO Principles of Federal Appropriations Law, Chapter 13, Section C, Paragraph 4a.

6. FOLLOW-UP RESPONSIBILITY: The Chief Business Office (16) has the lead responsibility for the contents of this directive. Questions concerning this directive should be referred to (202) 254-0362.

7. RESCISSIONS: None. This VHA Directive expires September 30, 2010.

S/Jonathan B. Perlin, MD, PhD, MSHA, FACP
Under Secretary for Health

Attachments

DISTRIBUTION: CO: E-mailed 9/14/05
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ATTACHMENT A

PROCEDURES FOR PROCESSING REFUNDS

The following procedures must be followed when a request for a refund has been received from a first-party or a third-party.

1. All requests for refunds received from insurance carriers must to be referred to the Revenue Coordinator or designee.

a. There may be occasions when the Chief, Fiscal Service, or designee, and Utilization Review staff must be involved in the review process. An audit of the incoming request for refund includes at minimum a review of:

- (1) The applicable claims submission and supporting documentation;
- (2) Information regarding the covered services under the insurance policy;
- (3) The amount of reimbursement paid to the Department of Veterans Affairs (VA), and;
- (4) Any applicable co-payments.

b. If a refund is determined to be appropriate, documentation in the Third-Party Joint Inquiry (TPJI) menu must be completed to record the actions that were taken to accomplish the refund. Similar actions must be taken if a refund is determined not to be due the carrier. If the Revenue Coordinator's audit results in an adjustment to the amount requested by the carrier, documentation in TPJI must be completed and applicable records retained to justify the amount refunded.

2. The Revenue Coordinator, or designee, must ensure that all hard copy documentation of refund requests is maintained in a file that may be periodically reviewed by the facility Compliance Officer. For each transaction reviewed by the Compliance Officer, the Compliance Officer examines the SF-1047 Public Voucher for Refunds, noting the amounts disbursed, the date the voucher was certified, and any comments. For automatic refunds processed in Veterans Health Information Systems and Technology Architecture (VistA), the Compliance Officer reviews the Accounts Receivable Profile for the refunded transaction. In addition, the CBI Officer is responsible for determining whether:

a. The certifying official has sufficient delegation of authority established by memorandum from the medical center Chief, Fiscal Service, and

b. A separation of duties conflict exists. **NOTE:** *A separation of duties conflict is determined to exist when the certifying official also has access to establish or cancel bills in VistA's Integrated Billing (IB) package.*

VHA DIRECTIVE 2005-038

September 8, 2005

3. Voluntary refunds initiated by VA facilities resulting from discovery of insurance carrier overpayments, or bills prepared in error, must be audited and documented in the same manner as carrier initiated refund requests.
4. Every effort is to be made to process refunds timely. Regional Counsel is to be consulted as necessary in disputes over refunds which cannot be resolved at the station level between VA and the third-party insurance carriers.
5. Refund requests below \$5,000 (whether for a single or multiple claims) must be reviewed and approved by the Revenue Coordinator or designee. This review must be notated with the actions taken, the documentation reviewed, and disposition (approval or disapproval) of the request. Authorization by the designated reviewers is required prior to disbursement of funds.
6. Refund requests above \$5,000 (whether for a single or multiple claims) must be reviewed and approved by the Revenue Coordinator or designee and the Chief Fiscal Service or designee. This review should be notated with the actions taken and documentation reviewed, and disposition (approval/disapproval) of the request. Authorization by both designated reviewers is required prior to disbursement of funds.
7. The Chief, Fiscal Service, or designee, is the authorized certifying official for the facility. The Chief Fiscal Service, or designee, may delegate specific authority to certify Medical Care Collection Fund (MCCF) refunds to MCCF staff. This delegation must be documented and a Delegation of Authority memorandum issued stating the specific dollar amount of the individual's authority.
8. When a refund request involves application of third-party funds toward a veteran's copayment, the MCCF activity at the facility must carefully research the application of the insurance payments to ensure that the payments are accurately adjusted from each receivable. If it is determined that the insurance carrier is due a refund and there was an application of the payment toward the veteran's co-payment, this may result in the veteran's co-payment being re-established to cover the amount of the insurance refund.

September 8, 2005

ATTACHMENT B**SAMPLE MEMO FOR REQUESTING MCCF REFUNDS EXCEEDING \$5,000**

Date:

From: VAMC Revenue Coordinator

Subj: Request for MCCF Refund exceeding \$5,000

To: Chief, Fiscal Service

1. Disbursement is requested from the Medical Care Collection Fund (MCCF) to a veteran, insurance carrier, or health plan administrator. The disbursement is detailed as follows:

Payee: _____

Address: _____

Payment Allocation Detail:

Account	Amount (\$)
36X528701	
36X528703	
36X528704	
36X528709	
20X1807	
Total	

Justification: _____

2. Supporting documentation, including copies of applicable VA claims, veteran's insurance coverage information, related payments from veteran and/or insurance carrier, SF-1047, Public Voucher for Refund, and other documentation, as appropriate, is attached for your review and consideration.

3. **CHIEF, FISCAL SERVICE:** Please review, comment, and approve or disapprove the preceding refund disbursement. Indicate your approval by dating and affixing your signature below and forwarding to the appropriate accounting staff to accomplish the necessary transactions for disbursement.

Fiscal Service Comments: _____

(Chief, Fiscal Service Approval)

(Date)

VAMC REVENUE COORDINATOR

Attachments